

BRIEFINGS

Center for a Competitive Florida



106 North Bronough St. (32301-7723) ♦ P.O. Box 10209 (32302-2209) ♦ Tallahassee, FL ♦ (850) 222-5052 ♦ FAX:(850) 222-7476

October 2004

Putting an Ever-Increasing Minimum Wage in the State Constitution Is Misguided

On November 2, Florida voters will consider a state constitutional amendment to increase the minimum wage. Florida state law currently does not provide for a minimum wage, and, as in most states, the federally mandated minimum wage of \$5.15 per hour prevails. The proposed amendment (Appendix A) would increase the minimum wage paid in Florida to \$6.15 per hour (tipped employees would go from \$2.13 to \$3.13.) That wage would then be automatically increased, never decreased, each year by inflation adjustments.

There has been a multitude of studies on the effect of raising the minimum wage, some of them conflicting. However, many studies make a compelling case that minimum wage increases carry with them unintended negative economic consequences, including overall job losses, the replacement of low-income, low-skilled workers with higher-income, higher-skilled workers, reduced benefits and increased inflation. A literature review by Florida TaxWatch shows that there is a lack of clear and compelling evidence that an increase in the minimum wage is the right thing to do or even that it does what it is intended to do—reduce poverty and help improve the lives of the lowest-income workers.

Florida TaxWatch concludes that setting this state’s minimum wage hike in “constitutional concrete,” particularly with an almost certain automatic annual increase, would lead to an ever-escalating cost of doing business in Florida. While well-intended, an increase in the minimum wage will likely have opposite and unintended costly consequences.

Introduction

Since the establishment of federal minimum wage in 1938, there have been several increases and other attempts to increase the minimum wage. Twelve states and a number of municipalities have passed minimum wage laws. Although there were several different objectives behind the original minimum wage legislation, the main goal was to reduce poverty in the United States. This is a common argument still used by proponents of increasing the minimum wage, who claim that it helps affected workers to move out of poverty. Proponents, including those in Florida, argue that most of the increase will go to families with low incomes and low weekly earnings; that an increase in the minimum wage will be especially helpful in boosting the earnings of women and minorities; and that the increase would not result in job losses among affected workers.

Opponents of the minimum wage increase argue that the market system should determine wages based on labor productivity.

“Celebrating 25 years of improving taxpayer value, citizen understanding and government accountability.”

In a competitive market wages are determined by the contribution of employees. If an employer is paying his employee \$5.15 an hour, this is probably because the marginal contribution of the worker is about \$5.15 in revenue per hour.

If the contribution were higher than the wage, other things being equal, there would be other businesses that would be willing to pay the higher wage. However, if an employer is legally required to pay a wage higher than the worker's marginal contribution, the worker may be laid off. This is a natural result of the basic laws of supply and demand in labor markets. A minimum wage above the equilibrium will reduce the labor demand and increase the labor supply. The excess supply will create unemployment, pushing more families into poverty. Opponents also argue that employers will reduce fringe benefit payments such as health insurance and pension plans, which are not subject to the minimum wage law.

Figure 1. Percentage of Florida Workers Earning Minimum Wage And Below



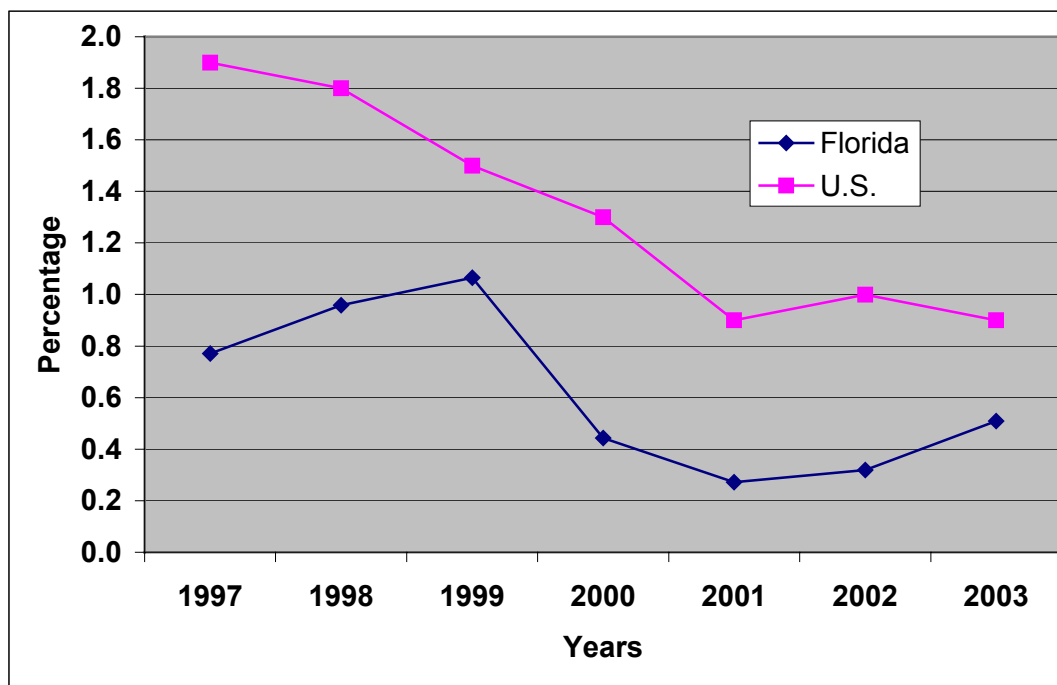
Most Minimum Wage Earners Rise Above That Level Without Government Help

It could be argued that the minimum wage is really a training wage and that training wages in many industries already exceed \$6.15 per hour. The data also indicate that wages for most minimum wage workers rise quickly over time without any government intervention. As those workers increase their education and have more experience, thus becoming more productive, their employers increase their wages accordingly.

A study by researchers from Miami Ohio and Florida State Universities, shows that over a twenty-year period, 65 percent of minimum wage workers made more money the following year, wages typically increasing more than 10 percent. The growth for full-time minimum wage workers was 14%, three times the increase of all workers.

Florida TaxWatch also examined the number of people working for minimum wage. Figure 1 presents the percentage of those who make \$5.15 and below over the years.¹ In 1997, when the minimum wage was increased to \$5.15, 10.3 percent of workers were making \$5.15 and below. However, while the minimum wage remained constant, employers increasingly paid employees a higher wage. By 2003, only 3 percent of workers received \$5.15 and below, which is less than one-third of those low-income earners in 1997. Figure 2 shows the percentage of workers that make exactly the minimum wage in both Florida and the United States. Florida has consistently had a lower percentage than the rest of the nation.

Figure 2. Percentage of Minimum Wage (\$5.15) Earners (1997-2003)



Source: CPS MORG data, 1997-2003.

Who Earns the Minimum Wage?

Using data from the Current Population Survey (CPS) Merged Outgoing Rotation Group (MORG) between 1997-2003—compiled by the National Bureau of Economic Research (NBER)—Florida TaxWatch quantified and examined the characteristics of the minimum wage population (Appendix B). The results, perhaps surprising, are that the majority of minimum wage earners are single and work only part-time. In addition, only 27% are heads of household, and only 10% live with their own child (Appendix C).

¹ Although some reserachers used the exact \$5.15 to determine the minimum wage earners, we prefer to use \$5.15 and below in order to capture all of low-income earners.

The Employment Policies Institute, using U.S. government data, reports that “only 15% of minimum wage recipients are raising a family on the minimum wage. The remaining 85% are teenagers living with their working parents, adults living alone, or dual-earner married couples. Furthermore, the majority of minimum wage employees do not work full-time, and nearly a quarter work fewer than 20 hours per week. Sensible anti-poverty programs should provide the bulk of their benefits to poor individuals and households with high work effort. But the minimum wage is unable to discern between a low-wage employee (who might live in a well-off household) and a low-income family. Data from the U.S. Census show that the average family income of a minimum wage recipient is over \$43,000 a year. Why? Because the majority of recipients are either teenagers or second earners in relatively high-income families.

Furthermore, research from Syracuse University shows that 83% of the benefits from the last minimum wage hike went to families above the poverty line.

“After all, most minimum wage workers aren’t poor.”

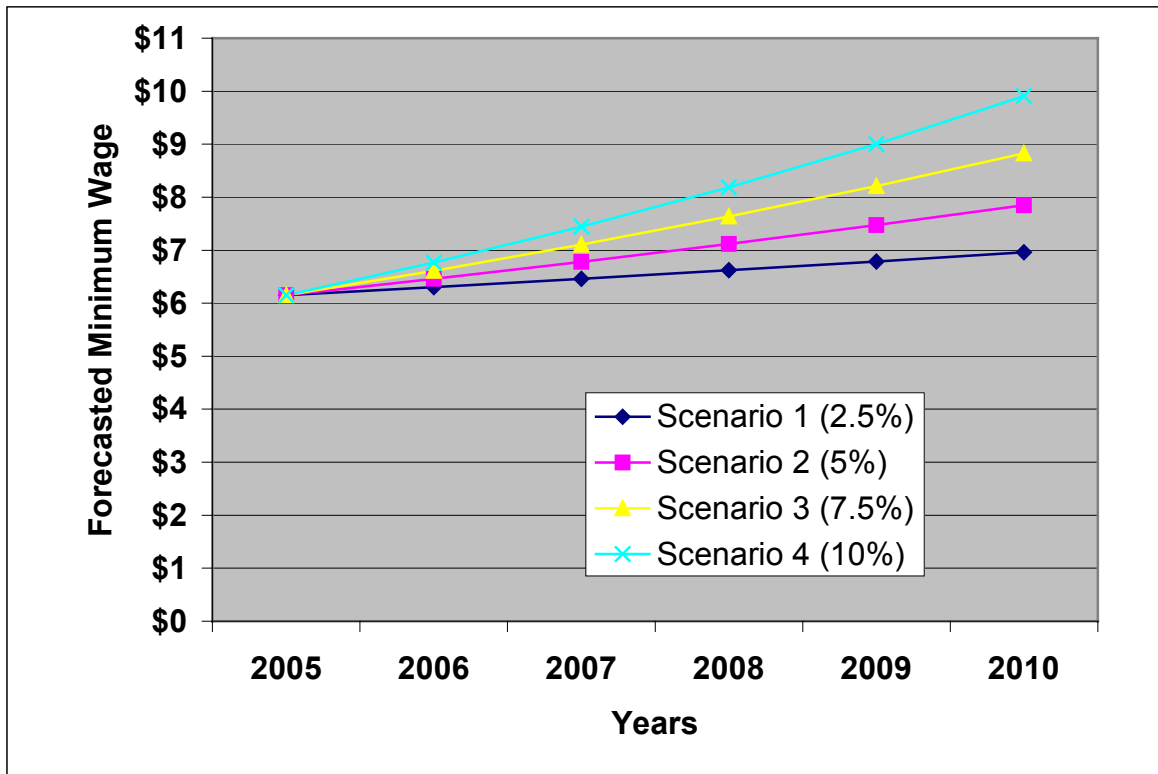
Former Clinton Labor Secretary Robert Reich

Indexing the Minimum Wage Makes a Bad Idea Worse

One particularly troublesome aspect of the proposed amendment is indexing—the automatic annual increase of the minimum wage using the U.S. Consumer Price Index. Figure 3 shows the projected minimum wage increases by year 2010 under different scenarios, if the amendment should pass in the November 2004 election. Each scenario represents a different inflation rate. For instance, if there were a 2.5 percent average annual inflation in the next 6 years, the minimum wage would be \$6.96 in the year 2010. In worst-case scenario of 10 percent annual inflation, the minimum wage would be \$9.90 by 2010.

Indexing minimum wage increases ignores the fact that there are business cycles—ups and downs in economy. The increasing uncertainty after September 11, 2001 heightens the importance of being ready for different scenarios. Indexing minimum wage eliminates the flexibility that the labor market needs in order to be able to deal with unpredictable economic conditions. For instance, if the economy experiences high inflation due to increasing oil price, annual minimum wage increases based on the CPI would further push prices up. In case of an economic recession, if there were to be a more significant difference between the state and federal minimum wages, this would put Florida at an even more competitive disadvantage, especially vis-à-vis states not having an a minimum wage higher than the federal level.

Figure 3. Minimum Wage Increase Under Different Inflation Scenarios

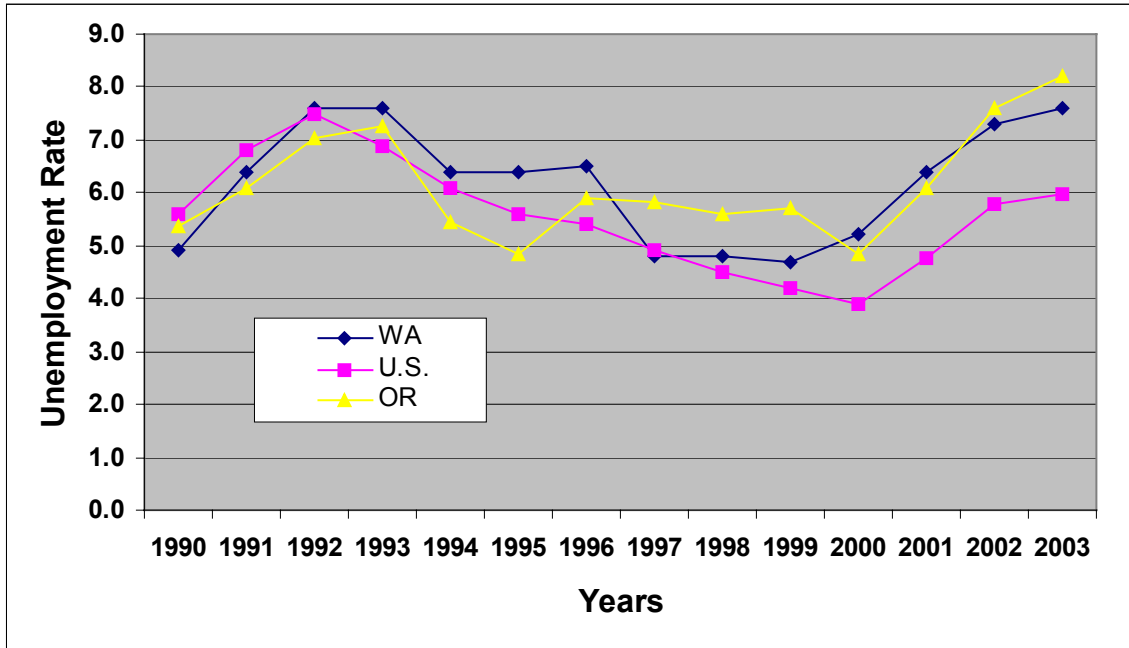


The Experience of Oregon and Washington

While there are several states with a minimum wage exceeding the federal requirement, only Oregon and Washington make annual adjustments based on the CPI. Alaska enacted an indexed wage in 2002, but repealed it a year later. (There are, however, other states considering indexing.) It is important to look at the experience of the states that have tried it. Oregon has had a minimum wage above the federal level since 1997, and it now stands at \$7.05. Oregon raised its minimum wage four times since 1997 and beginning in 2004, it will be adjusted annually using the U.S. City Average CPI for all urban consumers. Since January 2001, Washington adjusted its minimum wage annually by using the prior year's CPI. It now stands at \$7.16.

While there are many factors impacting a state's unemployment rate, and the role of the minimum wage is difficult to assess, Washington and Oregon both experienced significant increases in unemployment after they began increasing the wage. Figure 4 presents the unemployment rates for Washington and Oregon compared to the national unemployment rate since 1990. For the state of Washington, the average difference between the state and federal unemployment rates was 0.6 percent before the indexing; after the indexing the difference became 1.6 percent on average. In other words, Washington experienced relatively higher unemployment rate after the indexing compared to the increase in the federal unemployment rate. Oregon's unemployment rate was 0.3 percent less than the federal for seven years before it had a minimum wage higher than the federal level. However, the state's unemployment rate exceeded the federal one by 1.4 percent after 1997.

Figure 4. The Unemployment Rates for Washington, Oregon and the United States 1990-2003



| Year | Unemployment Rates | | | Difference (WA-U.S.) | Difference (OR-U.S.) |
|--------|--------------------|-----|------|----------------------|----------------------|
| | WA | OR | U.S. | | |
| 1990 | 4.9 | 5.4 | 5.6 | -0.7 | -0.2 |
| 1991 | 6.4 | 6.1 | 6.8 | -0.4 | -0.7 |
| 1992 | 7.6 | 7.0 | 7.5 | 0.1 | -0.5 |
| 1993 | 7.6 | 7.3 | 6.9 | 0.7 | 0.4 |
| 1994 | 6.4 | 5.4 | 6.1 | 0.3 | -0.7 |
| 1995 | 6.4 | 4.9 | 5.6 | 0.8 | -0.8 |
| 1996 | 6.5 | 5.9 | 5.4 | 1.1 | 0.5 |
| 1997* | 4.8 | 5.8 | 4.9 | -0.1 | 0.9 |
| 1998 | 4.8 | 5.6 | 4.5 | 0.3 | 1.1 |
| 1999** | 4.7 | 5.7 | 4.2 | 0.5 | 1.5 |
| 2000 | 5.2 | 4.9 | 3.9 | 1.3 | 1.0 |
| 2001 | 6.4 | 6.1 | 4.8 | 1.7 | 1.3 |
| 2002 | 7.3 | 7.6 | 5.8 | 1.5 | 1.8 |
| 2003 | 7.6 | 8.2 | 5.99 | 1.6 | 2.2 |

Source: U.S. Department of Labor, Bureau of Labor Statistics

* Beginning in 1997, OR has had a minimum wage above the federal standard. Indexing started in January 2004.

** Beginning in 1999, WA has had a minimum wage above the federal standard. Indexing started in January 2001.

| | Period | State Unemployment Rate Compared to Federal Rate (F) |
|-------------------|-----------|--|
| Oregon | | |
| | 1990-1996 | 0.3% < F |
| | 1997-2003 | 1.4% > F |
| Washington | | |
| | 1990-1998 | 0.2% > F |
| | 1999-2003 | 1.6% > F |

“The reason I object to the minimum wage is I think it destroys jobs, and I think the evidence on that, in my judgment, is overwhelming.”

Federal Reserve Chairman Alan Greenspan

Employer Reactions to a Minimum Wage Increase

As discussed before, in a competitive market, wage is determined by the contribution of the worker. A minimum wage above the market equilibrium level will force an employer to reduce employment or raise prices. In other words, the employer could cut back the number of hours worked by low-wage workers or could lay off some of those workers. In both cases, the workers who are expected to benefit from the minimum wage increase would pay for the higher wages. A second employer option is to pass on the cost to consumers by raising prices. Since many low-wage workers are employed in retail and service industries, an increase in the minimum wage may result in an industry-wide increase in costs. Indeed, a study found that the minimum wage increase in 1997 created higher inflation (2.8 percent) in the service sector compared with the moderate inflation rate (1.7%)².

Despite many empirical studies and well-established theoretical arguments related to the employment loss from minimum wage increases, it is not easy to quantify such impacts due the complex nature of labor markets. While it is not predicted here that Florida would mimic the unemployment increases of Washington and Oregon should the proposed minimum wage amendment pass, the table below shows what comparable impacts in Florida job losses would be at different levels of increasing unemployment.³

Florida Job Losses at Different Unemployment Increases*

| | |
|-------------------|---------|
| Scenario 1 (0.5%) | 38,720 |
| Scenario 2 (1%) | 77,440 |
| Scenario 3 (1.5%) | 116,160 |
| Scenario 4 (2%) | 154,880 |

*The projection was done based on 2003 Florida employment data.

Under the first scenario, if Florida’s unemployment rate goes up by 0.5 percent due to the minimum wage increase, there could be 38,720 jobs lost. The second scenario represents the increase of 1 percent and 77,440 jobs lost. A 2 percent increase in Florida unemployment translates to 154,880 jobs lost. Thus, if there were to be an increase in unemployment, the minimum wage increases might end up hurting the people it intends to help.

² Wilson, D. Mark. “Increasing the Mandated Minimum Wage Who Pays the Price?,” The Heritage Foundation Backgrounder Executive Summary, No 1162, March 5, 1998.

³ There are many other factors affecting an increase in unemployment rate. The minimum wage increases in these two states might have been a factor behind the high unemployment rates. However, we need to control for the other relevant factors in order to determine the impact of minimum wage increases on unemployment rate. We make just a rough assumption in order to estimate the employment impact of the Constitutional amendment.

Again, the increase in Oregon and Washington's unemployment rates relative to the U.S. average cannot be directly tied to an increasing minimum wage. However, if Florida's experience proves comparable to these two other states that have indexed minimum wages (the swing of state unemployment rates compared to the federal in Figure 4), the impact could be a loss of 108,000 to 132,000 Florida jobs.

Other Potential Problems

Numerous studies have produced a litany of problems associated with using the minimum wage to reduce poverty. The minimum wage inefficiently targets benefits to low-income families, meaning that many of the benefits of mandated increases go to workers who live either in higher income households or in families not supporting children.

Not only do entry-level employers eliminate jobs or reduce work hours in response to wage hikes, job opportunities for those who need them most are reduced when higher skilled-workers are newly attracted to jobs at a higher minimum wage. Some studies find that low-skilled workers are pushed out of jobs by teenagers from higher income families and students are hired.

A series of working papers by the prestigious and nationally renowned National Bureau of Economic Research (NBER), find that, while the incomes of some poor families are increased, others lose, and the net effect is an income redistribution among low-income families. The overall result is to actually increase the proportion of families that are poor and near poor. NBER concludes that it is difficult to make a distributional or equity argument for minimum wages.

The loss or reduction of benefits, both public and private is another concern. Some employers will offset increased wage costs by cutting benefits or shifting from full-time to part-time employees who do not receive benefits.

Others would lose government benefits from the increased wage. A study done for proponents of the amendment in Florida estimates that 14,000 people will lose eligibility for Medicaid or subsidized Kid Care coverage. The report concedes that, while the state will save some money from this, those 14,000 will be worse off due to loss of health care coverage.⁴

Consequently, the "raise" an employee receives as a result of a minimum wage hike is largely eaten up by increased taxes and lost benefits. Separate studies out of New York University Law School and the University of Kentucky find that many potential beneficiaries of a minimum wage increase face effective tax rates of 90% on increased pay, meaning they keep only 10 cents of each new dollar.⁵

⁴ Pollin, Robert, Mark Brenner and Jeannette Wicks-Lim, "Economic Analysis of the Florida Minimum Wage Proposal," Center for American Progress, September, 2004.

⁵ Daniel N. Shaviro, "Effective Marginal Tax Rates on Low-Income Households," Employment Policies Institute, February 1999, and Richard Toikka, Aaron Yelowitz, and Andre Neveu, "The 'Poverty Trap' and Living Wage Laws," Economic Development Quarterly, 2004.

“We can increase the Earned Income Tax Credit by a couple of billion dollars a year and, far more efficiently than raising the minimum wage, lift the working poor out of poverty.”

President Bill Clinton

Conclusion

Florida operates in a complex, highly competitive, global economy. Because of this, tinkering with economic policy can result in major, unintended impacts, much more so than 10-15 years ago. Care must be taken before acting to anticipate what those impacts will be.

There is ample research that an increased minimum wage carries with it an assortment of risks, including reduced job growth, reduced job opportunities for the least skilled, and inflationary pressure. This is in addition to the fact that increasing the minimum wage probably will not be very effective in reducing poverty.

The data used in this study do not support the argument that minimum wage increase will help many poor families to get out of poverty. Market forces are the best means to this end. A healthy economy and increased education, productivity and innovation will do the most long-term good. When government intervenes, means-tested welfare programs such as food stamps, public housing, Medicaid, Temporary Aid For Needy Families (TANF) and the Earned Income Tax Credit (EITC) provide more direct resources to needy families in the short-term. Unlike minimum wage increases, welfare programs directly target low-income families. For instance, a \$4,000 refund from EITC increases hourly income for a single full-time minimum wage earner by over \$2.00.⁶ Well-targeted welfare programs are far more efficient and effective than the minimum wage increase to help the poor.

Again, Florida TaxWatch reiterates its position that the Constitution is not the place for these types of measures. Institutionalizing an automatic annual increase in the Constitution is even more troublesome. If raising the minimum wage turns out to be harmful, as it appears to be in the only two states that have also indexed their higher minimum wages, then Florida’s workers will be increasingly disadvantaged year after year.

This would lock Florida into in an ever-increasing cost of doing business, and, should there be an economic downturn, upward pressure on wage costs would continue. Florida would be the only state in the southeast to have a minimum wage above the federal, further harming the state’s competitive vis-à-vis other states.

We should only change the state Constitution when there is clear and convincing evidence that Floridians will be measurably better off by doing so. Florida TaxWatch concludes that at best, there is conflicting research and outcomes in other states that have adopted an increased minimum wage. The burden of

⁶ Employment Policies Institute: Indexing the Minimum Wage: A Vise on Entry-Level Wages, March 2003.

proof is on the proponents to demonstrate that the amendment will truly help the poor and not cost jobs or do other harm to Florida's economy. They simply have not made a compelling case.

“The idea of using a minimum wage to overcome poverty is old, honorable—and fundamentally flawed. It’s time to put this hoary debate behind us, and find a better way to improve the lives of people who work very hard for very little.”

**New York Times editorial
January 1987**

This research was conducted at the request of Representative John Stargel, Vice-Chairman of the House Committee on Finance and Taxation, for an independent assessment of the impact of the proposed minimum wage amendment.

This report was written by Necati Aydin, Ph.D., Senior Economist and Kurt R. Wenner, Senior Research Analyst, with and under the direction of Keith G. Baker, Ph.D., Senior Vice President.

Barney Barnett, Chairman; Dominic M. Calabro, President, Publisher and Editor.

© Copyright Florida TaxWatch, October 2004.

For a copy of the report, please call:

(850) 222-5052

OR

Write TaxWatch at:

P.O. Box 10209

Tallahassee, FL 32302

OR

Access and download the report at:

www.floridatxwatch.org where this *Briefings* was initially released before being printed in hardcopy format

The Florida TaxWatch Board of Trustees is responsible for the general direction and oversight of the research institute and safeguarding the independence of the organization's work. In his capacity as chief executive officer, the president is responsible for formulating and coordinating policies, projects, publications and selecting the professional staff. As an independent research institute and taxpayer watchdog, the research findings, conclusions and recommendations of Florida TaxWatch do not necessarily reflect the view of its members, staff or distinguished Board of Trustees.

Appendices

Appendix A

Reference:
Article X

Ballot Title:
Florida Minimum Wage Amendment

Ballot Summary:

This amendment creates a Florida minimum wage covering all employees in the state covered by the federal minimum wage. The state minimum wage will start at \$6.15 per hour six months after enactment, and thereafter be indexed to inflation each year. It provides for enforcement, including double damages for unpaid wages, attorney's fees, and fines by the state. It forbids retaliation against employees for exercising this right.

Full Text:

A new section for Article X. is created Florida Minimum Wage Amendment

- (a) Public Policy.** All working Floridians are entitled to be paid a minimum wage that is sufficient to provide a decent and healthy life for them and their families, that protects their employers from unfair low-wage competition, and that does not force them to rely on taxpayer-funded public services in order to avoid economic hardship.
- (b) Definitions.** As used in this amendment, the terms "Employer," "Employee" and "Wage" shall have the meanings established under the federal Fair Labor Standards Act (FLSA) and its implementing regulations.
- (c) Minimum Wage.** Employers shall pay Employees Wages no less than the Minimum Wage for all hours worked in Florida. Six months after enactment, the Minimum Wage shall be established at an hourly rate of \$6.15. On September 30th of that year and on each following September 30th, the state Agency for Workforce Innovation shall calculate an adjusted Minimum Wage rate by increasing the current Minimum Wage rate by the rate of inflation during the twelve months prior to each September 1st using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index as calculated by the United States Department of Labor. Each adjusted Minimum Wage rate calculated shall be published and take effect on the following January 1st. For tipped Employees meeting eligibility requirements for the tip credit under the FLSA, Employers may credit towards satisfaction of the Minimum Wage tips up to the amount of the allowable FLSA tip credit in 2003.
- (d) Retaliation Prohibited.** It shall be unlawful for an Employer or any other party to discriminate in any manner or take adverse action against any person in retaliation for exercising rights protected under this amendment. Rights protected under this amendment include, but are not limited to, the right to file a complaint or inform any person about any party's alleged noncompliance with this amendment, and the right to inform any person of his or her potential rights under this amendment and to assist him or her in asserting such rights.
- (e) Enforcement.** Persons aggrieved by a violation of this amendment may bring a civil action in a court of competent jurisdiction against an Employer or person violating this amendment and, upon prevailing, shall recover the full amount of any back wages unlawfully withheld plus the same amount as liquidated damages, and shall be awarded reasonable attorney's fees and costs. In addition, they shall be

entitled to such legal or equitable relief as may be appropriate to remedy the violation including, without limitation, reinstatement in employment and/or injunctive relief. Any Employer or other person found liable for willfully violating this amendment shall also be subject to a fine payable to the state in the amount of \$1000.00 for each violation. The state attorney general or other official designated by the state legislature may also bring a civil action to enforce this amendment. Actions to enforce this amendment shall be subject to a statute of limitations of four years or, in the case of willful violations, five years. Such actions may be brought as a class action pursuant to Rule 1.220 of the Florida Rules of Civil Procedure.

(f) Additional Legislation, Implementation & Construction. Implementing legislation is not required in order to enforce this amendment. The state legislature may by statute establish additional remedies or fines for violations of this amendment, raise the applicable Minimum Wage rate, reduce the tip credit, or extend coverage of the Minimum Wage to employers or employees not covered by this amendment. The state legislature may by statute or the state Agency for Workforce Innovation may by regulation adopt any measures appropriate for the implementation of this amendment. This amendment provides for payment of a minimum wage and shall not be construed to preempt or otherwise limit the authority of the state legislature or any other public body to adopt or enforce any other law, regulation, requirement, policy or standard that provides for payment of higher or supplemental wages or benefits, or that extends such protections to employers or employees not covered by this amendment. It is intended that case law, administrative interpretations, and other guiding standards developed under the federal FLSA shall guide the construction of this amendment and any implementing statutes or regulations.

(g) Severability. If any part of this amendment, or the application of this amendment to any person or circumstance, is held invalid, the remainder of this amendment, including the application of such part to other persons or circumstances, shall not be affected by such a holding and shall continue in full force and effect. To this end, the parts of this amendment are severable.

Appendix B

The Changes of Wage Levels in Florida Between 1997-2003

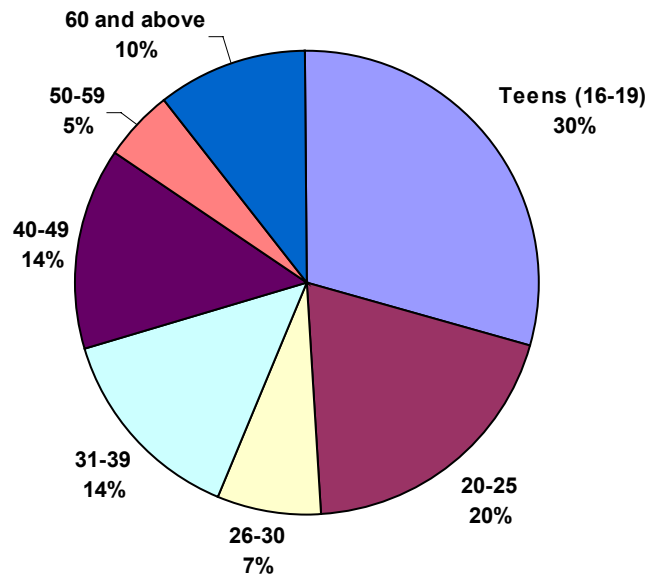
| Year | Wage Level | # of Workers | % of Workers |
|-------------|----------------|--------------|--------------|
| 2003 | | | |
| | 5.14 and below | 192,727 | 2.49 |
| | 5.15 | 39,447 | 0.51 |
| | 5.16 to 6.15 | 261,477 | 3.38 |
| | 6.16 to 7.15 | 568,036 | 7.34 |
| | 7.16 to 8.15 | 640,168 | 8.27 |
| | 8.16 and above | 6,042,146 | 78.02 |
| | Total | 7,744,000 | 100.00 |
| 2002 | | | |
| | 5.14 and below | 245,942 | 3.21 |
| | 5.15 | 24,373 | 0.32 |
| | 5.16 to 6.15 | 356,726 | 4.66 |
| | 6.16 to 7.15 | 565,001 | 7.38 |
| | 7.16 to 8.15 | 686,865 | 8.98 |

| | | | |
|-------------|----------------|-----------|--------|
| | 8.16 and above | 5,774,093 | 75.45 |
| | Total | 7,653,000 | 100.00 |
| 2001 | | | |
| | 5.14 and below | 254,625 | 3.48 |
| | 5.15 | 19,827 | 0.27 |
| | 5.16 to 6.15 | 428,898 | 5.87 |
| | 6.16 to 7.15 | 615,692 | 8.42 |
| | 7.16 to 8.15 | 701,263 | 9.59 |
| | 8.16 and above | 5,288,694 | 72.36 |
| | Total | 7,309,000 | 100.00 |
| 2000 | | | |
| | 5.14 and below | 263,219 | 3.65 |
| | 5.15 | 32,027 | 0.44 |
| | 5.16 to 6.15 | 527,438 | 7.30 |
| | 6.16 to 7.15 | 734,610 | 10.17 |
| | 7.16 to 8.15 | 730,607 | 10.12 |
| | 8.16 and above | 4,933,099 | 68.32 |
| | Total | 7,221,000 | 100.00 |
| 1999 | | | |
| | 5.14 and below | 313,985 | 4.43 |
| | 5.15 | 75,438 | 1.07 |
| | 5.16 to 6.15 | 651,418 | 9.20 |
| | 6.16 to 7.15 | 679,962 | 9.60 |
| | 7.16 to 8.15 | 665,690 | 9.40 |
| | 8.16 and above | 4,695,508 | 66.30 |
| | Total | 7,082,000 | 100.00 |
| 1998 | | | |
| | 5.14 and below | 379,097 | 5.48 |
| | 5.15 | 66,290 | 0.96 |
| | 5.16 to 6.15 | 749,907 | 10.84 |
| | 6.16 to 7.15 | 640,114 | 9.25 |
| | 7.16 to 8.15 | 660,830 | 9.55 |
| | 8.16 and above | 4,421,761 | 63.92 |
| | Total | 6,918,000 | 100.00 |
| 1997 | | | |
| | 5.14 and below | 646,855 | 9.54 |
| | 5.15 | 52,250 | 0.77 |
| | 5.16 to 6.15 | 726,274 | 10.71 |
| | 6.16 to 7.15 | 627,000 | 9.25 |
| | 7.16 to 8.15 | 615,505 | 9.08 |
| | 8.16 and above | 4,113,117 | 60.66 |
| | Total | 6,781,000 | 100.00 |

Source: CPS MORG data, 1997-2003.

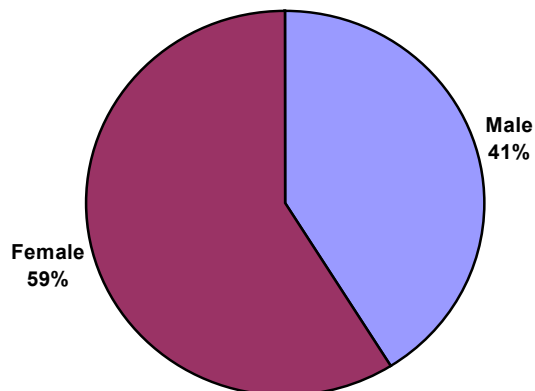
Appendix C

Florida Minimum Wage Workers by Age



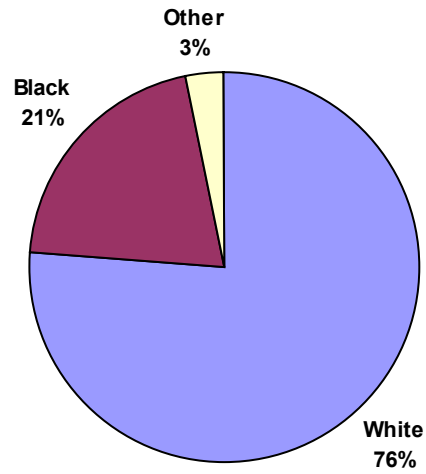
Source: Florida TaxWatch's analysis of CPS MORG data, 1997-2003

Florida Minimum Wage Workers by Gender



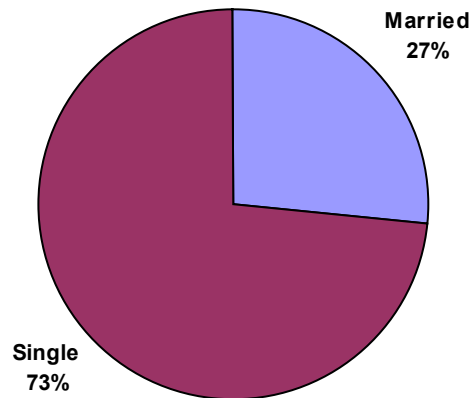
Source: Florida TaxWatch's analysis of CPS MORG data, 1997-2003

Florida Minimum Wage Workers by Race



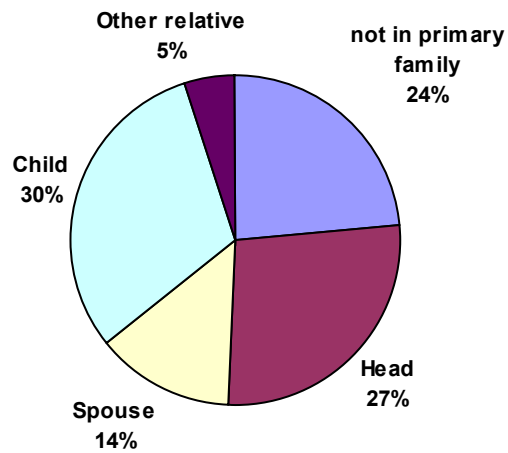
Source: Florida TaxWatch's analysis of CPS MORG data, 1997-2003

Florida Minimum Wage Workers by Marital Status



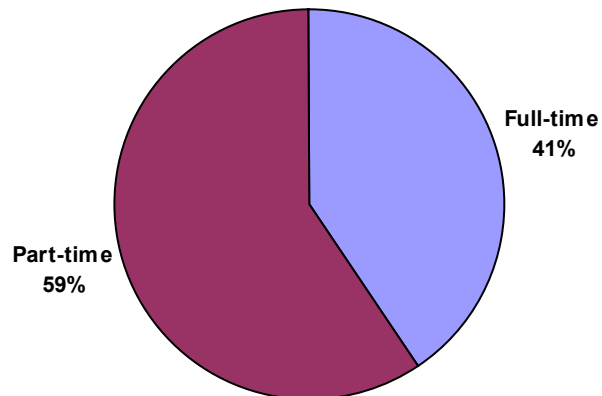
Source: Florida TaxWatch's analysis of CPS MORG data, 1997-2003

Florida Minimum Wage Workers by Family Relationship



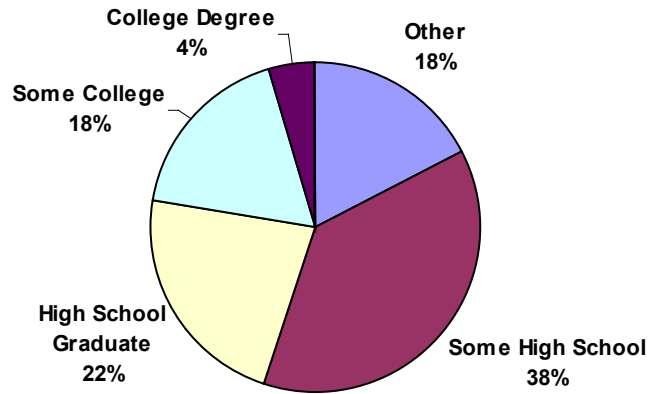
Source: Florida TaxWatch's analysis of CPS MORG data, 1997-2003

Florida Minimum Wage Workers by Employment Status



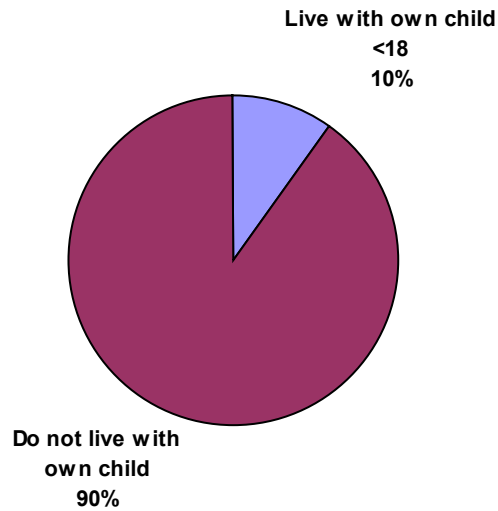
Source: Florida TaxWatch's analysis of CPS MORG data, 1997-2003

Florida Minimum Wage Workers by Education



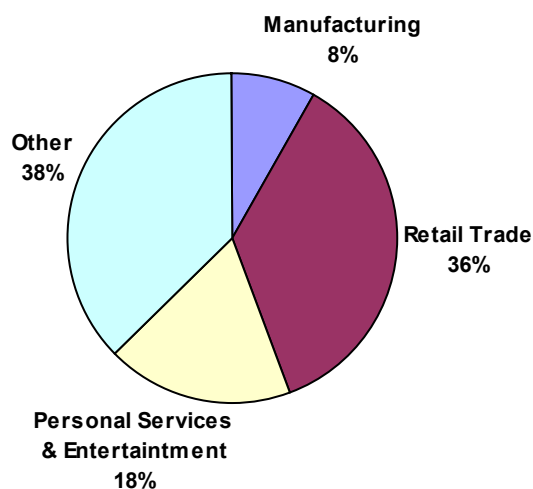
Source: Florida TaxWatch's analysis of CPS MORG data, 1997-2003

Florida Minimum Wage Workers by Living with Own Child



Source: Florida TaxWatch's analysis of CPS MORG data, 1997-2003

Florida Minimum Wage Workers by Industry



Source: Florida TaxWatch's analysis of CPS MORG data, 1997-2003

Working Bibliography

Angrist, Joshua, Victor Chernozhukov, and Iván Fernández-Val, "Quantile Regression Under Misspecification, with An Application to The U.S. Wage Structure", *NBER Working Paper #10428*, National Bureau of Economic Research, April 2004.

Arcidiacono, Peter and Tom Ahn, "Minimum Wages and Job Search: What Do Employment Effects Really Measure?", Employment Policies Institute, August 2004.

Burkhauser, Richard and Joseph Sabia, "Raising New York's Minimum Wage: A Poor Way to Help the Working Poor", Employment Policies Institute, July 2004.

Burkhauser, Richard and Joseph Sabia, "Why Raising the Minimum Wage is A Poor Way to Help the Working Poor", Employment Policies Institute, July 2004.

Burkhauser, Richard, Kenneth Couch and David Wittenberger, "A Reassessment of the New Economics of the Minimum Wage Literature with Monthly Data from the Current Population Survey," *Journal of Labor Economics*, Vol. 8, No. 4, October 2000.

Chasanov, Amy, "No Longer Getting By: An Increase in the Minimum Wage Is Long Overdue," *Briefing Paper*.

Employment Policies Institute, Helping Low-Wage Americans. Wage-Based Tax Credits: A New Solution to an Age-Old Problem.

Employment Policies Institute, "Indexing the Minimum Wage: A Vise on Entry-Level Wages," March 2003.

Even, William and David Macpherson, "Wage Growth Among Minimum Wage Workers", Employment Policies Institute, June 2004.

Even, William and David Macpherson, "Raising Above the Minimum Wage", Employment Policies Institute, January 2000.

Fiscal Policy Institute, "Raising the Minimum Wage in New York: Helping Working Families and Improving the State's Economy", Fiscal Policy Institute, January 2004.

Fiscal Policy Institute, "State Minimum Wages and Employment in Small Businesses," Fiscal Policy Institute, April 20, 2004.

Fiscal Policy Institute, "Setting the Record Straight: An Increase in New York's Minimum Wage Will Help Those Who Need It", July 19, 2004.

Fiscal Policy Institute, "Immigrant Workers and the Minimum Wage in New York City", Fiscal Policy Institute, 2004.

Florida Retail Federation, "Economic and Public Policy Issues Relating to Florida's Proposed Constitutional Amendment Setting a Minimum Wage," Florida Retail Federation.

Grossberg, Adam J. and Paul Sicilian, "Minimum Wages, On-the-Job Training, and Wage Growth", *Southern Economic Journal*, 1999.

Lang, Kevin and Sumon Majumdar, "The Pricing of Job Characteristics When Markets Do Not Clear: Theory and Policy Implications," *NBER Working Paper #9911*, National Bureau of Economic Research, August 2003.

Macpherson, David, "The 1992 New Jersey Minimum Wage Increase: How Much Did it Affect Family Income?," Employment Policies Institute, May 1996.

Macpherson, David, "The Effects of the 1998 California Minimum Wage Increase," Employment Policies Institute, March 1998.

Macpherson, David, "The Effects of the 1998-1999 Oregon Minimum Wage Increase," Employment Policies Institute, May 1998.

Macpherson, David, "The Effects of the Proposed 1999-2000 Washington Minimum Wage Increase," Employment Policies Institute, May 1998.

Macpherson, David, "The Effects of the Proposed California Minimum Wage Increase," Employment Policies Institute, October 2000.

Macpherson, David, "The Effects of the Proposed Santa Fe Minimum Wage Increase," Employment Policies Institute, February 2003.

MaCurdy, Thomas and Frank McIntyre, "Helping Working-Poor Families: Advantages of Wage-Based Tax Credits Over the EITC and Minimum Wages," Employment Policies Institute, April 2004.

MaCurdy, Thomas and Frank McIntyre, "Winners and Losers of Federal and State Minimum Wages," Employment Policies Institute, June 2001.

Miyagiwa, Kaz, "Human Capital and Economic Growth in a Minimum-Wage Economy", *International Economic Review*, Vol.30, No.1, 1989.

Neal, Darek, "Who Are the Low-Wage Workers", Employment Policies Institute, July 1996.

Neumark, David and Olena Nizalova, "Minimum Wage Effects in the Longer-Run," *NBER Working Paper #10656*, National Bureau of Economic Research, August 2004.

Neumark, David, Mark Schweitzer and William Wascher, "The Effects of Minimum Wage on the Distribution of Family Incomes: A Non-Parametric Analysis," *NBER Working Paper #5224*, National Bureau of Economic Research, August 1995.

Neumark, David "The Employment Effects of Recent Minimum Wage Increases: Evidence from a Pre-specified Research Design," *NBER Working Paper #7171*, National Bureau of Economic Research, June 1999.

Neumark, David and William Wascher, "A Cross-National Analysis of the Effects of Minimum Wages on Youth Employment," *NBER Working Paper #7299*, National Bureau of Economic Research, August 1999.

Neumark, David and William Wascher, "Do Minimum Wages Fight Poverty?," *NBER Working Paper #6127*, National Bureau of Economic Research, August 1997.

Neumark, David and William Wascher, "The Effect of New Jersey's Minimum Wage Increase on Fast-Food Employment: A Re-Evaluation Using Payroll Records," *NBER Working Paper #5224*, National Bureau of Economic Research, August 1995.

Neumark, David and William Wascher, "Using The EITC To Help Poor Families: New Evidence And A Comparison With The Minimum Wage," *NBER Working Paper #7599*, National Bureau of Economic Research, March 2000.

Pollin, Robert, Mark Brenner and Jeannette Wicks-Lim, "Economic Analysis of the Florida Minimum Wage Proposal," Center for American Progress, September 2004.

Shapiro, Daniel N., "Effective Marginal Tax Rates on Low-Income Households," Employment Policies Institute, February 1999.

Simon, Kosali Ilayperuma and Robert Kaestner, "Do Minimum Wages Affect Non-Wage Job Attributes? Evidence On Fringe Benefits And Working Conditions," *NBER Working Paper #9688*, National Bureau of Economic Research, May 2003.

Sobel, Russell S., "Theory and Evidence on the Political Economy of the Minimum Wage", *the Journal of Political Economy*, Vol. 107, no.4.

Toikka, Richard, Aaron Yelowitz, and Andre Neveu, "The 'Poverty Trap' and Living Wage Laws," *Economic Development Quarterly*, 2004.

Turner, Mark and Berna Demiralp, "Higher Minimum Wages Harm Minority and Inner-City Teens", Employment Policies Institute, September 2000.

U.S. General Accounting Office, "Minimum Wage Policy Questions Persist," in Report to the U.S. Senate Committee on Labor and Human Resources, General Accounting Office, 1983.

Vedder, Richard K. and Lowell E. Gallaway, "Does The Minimum Wage Reduce Poverty?," Employment Policies Institutes, June 2001.

Wilson, D. Mark. "Increasing the Mandated Minimum Wage Who Pays the Price?," The Heritage Foundation Backgrounder Executive Summary, No 1162, March 5, 1998

Florida
TaxWatch
106 N. Bronough St.
P.O. Box 10209
Tallahassee, FL 32302



NON-PROFIT ORG.
U.S. POSTAGE
PAID
TALLAHASSEE, FL
Permit No. 409